



414 Nicollet Mall
Minneapolis, Minnesota 55401

April 13, 2015

—VIA ELECTRONIC FILING—

Daniel P. Wolf
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, MN 55101

RE: REPLY COMMENTS
NEW AREA SURCHARGE RIDER TARIFF MODIFICATION
DOCKET NO. G002/M-15-195

Dear Mr. Wolf:

Northern States Power Company, doing business as Xcel Energy, submits to the Minnesota Public Utilities Commission this brief Reply to the April 1, 2015 Comments of the Minnesota Department of Commerce – Division of Energy Resources on our New Area Surcharge Rider Tariff Modification.

We appreciate the Department's review of our filing and recommendation that the Commission accept our proposed NAS and ES Riders tariff as submitted on March 2, 2015. During informal discussions with the Department, the Company realized that one of our proposed tariff modifications could be written more clearly.

We propose to modify Section No. 5, Sheet No. 47 under the heading Revenue Requirements Model, Column/Description, 4. Surcharge Revenue. In addition to the modifications we've already proposed, we propose to add "as follows:" at the end of the sentence "Surcharge revenue will be treated as a contribution-in-aid of construction (CIAC)."

Redlined and clean versions of the proposed tariff sheet have been provided as Attachment A. The attachment includes the modifications we requested in our original petition and the modification described above.

Pursuant to Minn. Stat. § 216.17, subd. 3, we have electronically filed this document, and copies have been served on the parties on the attached service list.

Mr. Wolf
April 13, 2015
Page 2 of 2

Please contact Pamela Gibbs at pamela.k.gibbs@xcelenergy.com or 612-330-2889 or me at paul.lehman@xcelenergy.com or 612-330-7529 if you have any questions regarding this filing.

SINCERELY,

/s/

PAUL J LEHMAN
MANAGER, COMPLIANCE AND FILINGS

c: Service List

Redline

**NEW AREA SURCHARGE AND
EXTENSION SURCHARGE RIDERS (Continued)**

Section No. 5
3rd4th Revised Sheet No. 47

TERM

The term of service under this rate schedule shall vary from area to area depending on the service extension project. However, under no circumstances shall the surcharges applicable to any project remain in effect for a term to exceed 1530 years. ~~The Company assumes the risk for underrecovery of expansion costs, if any, which may remain at the end of the maximum surcharge term.~~

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EXPIRATION

The surcharges for all customers in an area subject to the ~~New Area Surcharge Rider~~ NAS or ES shall terminate on the date specified for the project ~~in, by the NSP Company tariff or, if the model demonstrates that the revenue requirements have been met for a project, the surcharge will expire,~~ on the date the approved revenue deficiency is retired, ~~or at the end of 15 years,~~ whichever occurs first. The Company assumes the risk for under recovery of expansion costs, if any, which may remain at the project's expiration date.

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AREA SURCHARGE RIDER RATE

See ~~Surcharge Rider No. 2, Section No. 5, Sheet No. 51.~~

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REVENUE REQUIREMENTS MODEL

Definitions. All terms describe the contents and general operation of the revenue requirements model used to determine a New Area Surcharge or Extension Surcharge Rider for a project.

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Column/Description

1. *Time Period.* A 12 month calendar interval which is one year of the project life. The year in which the project is constructed is designated as year zero.
2. *Year.*
3. *Plant-in-Service Additions.* Additions to plant-in-service in any particular year shall be all costs to provide pipeline interconnects, pressure regulating facilities, measurement and instrumentation, lateral delivery lines, distribution mains, mapping, customer service lines, meters, and regulators.
4. *Surcharge Revenue.* The revenue generated by the surcharges collected to offset the cost of constructing facilities to serve the new service area. ~~Customer's~~ Surcharge revenue will be treated as a contribution-in-aid of construction (CIAC) as follows:
NAS – All surcharge revenue will be treated as a CIAC.
ES – Surcharge revenue will first be applied to the pipeline supplier expense as Non-CIAC Surcharge Revenues (Column 16b). Excess revenue will be treated as a CIAC.
5. *Total Capital Investment.* The cost of all plant in service additions (Column 3), less all ~~customer~~ surcharge ~~CIAC~~ revenue (Column 4).

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(Continued on Sheet No. 5-48)

Date Filed: 11-12-0903-02-15 By: ~~Judy M. Pofar~~ Christopher B. Clark Effective Date: 05-01-11
President, ~~and CEO~~ of Northern States Power Company, a Minnesota corporation
Docket No. G002/GR-09-1153M-15- Order Date: 12-06-10

Clean

MINNESOTA GAS RATE BOOK - MPUC NO. 2

**NEW AREA SURCHARGE AND
EXTENSION SURCHARGE RIDERS (Continued)**

Section No. 5
4th Revised Sheet No. 47

TERM

The term of service under this rate schedule shall vary from area to area depending on the service extension project. However, under no circumstances shall the surcharges applicable to any project remain in effect for a term to exceed 30 years.

ND

EXPIRATION

The surcharges for all customers in an area subject to the NAS or ES shall terminate on the date specified for the project in the Company tariff or, if the model demonstrates that the revenue requirements have been met for a project, the surcharge will expire on the date the approved revenue deficiency is retired, whichever occurs first. The Company assumes the risk for under recovery of expansion costs, if any, which may remain at the project's expiration date.

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SURCHARGE RATE

See Section No. 5, Sheet No. 51.

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REVENUE REQUIREMENTS MODEL

Definitions. All terms describe the contents and general operation of the revenue requirements model used to determine a New Area Surcharge or Extension Surcharge Rider for a project.

N

Column/Description

1. *Time Period.* A 12 month calendar interval which is one year of the project life. The year in which the project is constructed is designated as year zero.
2. *Year.*
3. *Plant-in-Service Additions.* Additions to plant-in-service in any particular year shall be all costs to provide pipeline interconnects, pressure regulating facilities, measurement and instrumentation, lateral delivery lines, distribution mains, mapping, customer service lines, meters, and regulators.
4. *Surcharge Revenue.* The revenue generated by the surcharges collected to offset the cost of constructing facilities to serve the new service area. Surcharge revenue will be treated as a contribution-in-aid of construction (CIAC) as follows:
 NAS – All surcharge revenue will be treated as a CIAC.
 ES – Surcharge revenue will first be applied to the pipeline supplier expense as Non-CIAC Surcharge Revenues (Column 16b). Excess revenue will be treated as a CIAC.
5. *Total Capital Investment.* The cost of all plant in service additions (Column 3), less all surcharge revenue (Column 4).

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(Continued on Sheet No. 5-48)

Date Filed: 03-02-15

By: Christopher B. Clark

Effective Date:

President, Northern States Power Company, a Minnesota corporation

Docket No. G002/M-15-

Order Date:

CERTIFICATE OF SERVICE

I, Tiffany R. Hughes, hereby certify that I have this day served copies of the foregoing document on the attached list of persons.

xx by depositing a true and correct copy thereof, properly enveloped with postage paid in the United States mail at Minneapolis, Minnesota

xx electronic filing

Docket No. G002/M-15-195

Dated this 13th day of April 2015

/s/

Tiffany R. Hughes
Records Analyst

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